

## Message Text

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ACTION EB-11

INFO OCT-01 IO-14 OPIC-12 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 AF-10 ARA-16 EA-11 EUR-25 NEA-14 DRC-01

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R 221630Z MAY 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 5947

INFO AMEMBASSY HELSINKI

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E.O. 11652: N/A

TAGS: ETRD, GATT, FI, HU

SUBJECT: FINLAND-HUNGARY FREE TRADE AGREEMENT

1. IN AFTER DINNER CONVERSATION LAST EVENING, FINNISH PERM REP KLAUS SAHLGREN ASKED MISSION ECMIN RE ACCEPTABILITY TO U.S. OF FINNISH FTA AGREEMENTS WITH HUNGARY AND BULGARIA. FOLLOWING CAUTIOUS ANSWER (NOTING THAT WE HAD NOT SEEN AGREEMENTS AND U.S. SKEPTICISM RE OTHER ALLEGED FTAS) IT SOON BECAME APPARENT THAT SAHLGREN WAS ASKING REACTION FROM POLITICAL STANDPOINT. HE SAID FINLAND HAD LITTLE PRESENT TRADE INTEREST WITH THESE COUNTRIES AND ACKNOWLEDGED THAT MAIN PURPOSE WAS POLITICAL, I.E. TO COUNTERBALANCE FINNISH AGREEMENT WITH EC. SAHLGREN ALSO REMARKED THAT FTA PROVISIONS OF ARTICLE 24 OF GATT OBVIOUSLY WERE NOT WRITTEN WITH STATE-TRADING COUNTRIES IN MIND AND, WHILE STRONG CASE COULD BE MADE THAT SUCH AGREEMENTS MEET LETTER OF ARTICLE, REMOVAL OF OBSTACLES TO TRADE IN USUAL SENSE IS NOT VERY MEANINGFUL IN STATE-TRADING COUNTRIES.

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2. SAHLGREN INDICATED FAVORABLE VIEW OF GATT STEERING GROUP CONCEPT, PROVIDED NORDIC REP INCLUDED, AND ADDED THOUGHT THAT SUCH GROUP COULD WELL BE USED TO WORK ON NEW RULES ("REVISION OF GATT" IN U.S. TRA PARLANCE). WE RESPONDED THAT WE THINK SO TOO BUT HAVE BEEN INCLINDED TO CONCENTRATE ON IMPROVED MANAGEMENT CONCEPT AND SOFT PEDAL REFORM FUNCTION SOMEWHAT AT LEAST FOR PRESENT IN ORDER TO INCREASE ACCEPTABILITY IN SOME QUARTERS.

3. COMMENT: DESPITE HIS DISAVOWAL OF CONCERN RE GATT CONSIDERATION OF FTA AGREEMENTS, WE THINK SAHLGREN'S MOTIVE IN MAKING THIS INQUIRY PROBABLY IS TO TRY TO SOFTEN U.S. REACTION TO AGREEMENTS IN GATT. WE DOUBT THAT HE EXPECTS AN ANSWER, BUT OF COURSE WOULD BE GLAD TO PASS ALONG ANY COMMENT.ABRAMS

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## Message Attributes

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